

**BOSTON
AND
MAINE
RAILROAD**

**123rd
ANNUAL
REPORT
1955**

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BOARDS

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BOSTON AND MAINE RAILROAD 123rd ANNUAL REPORT 1955

for year ending December 31,

BOARD OF DIRECTORS

- * OLIVER D. APPLETON, Mount Kisco, N. Y.
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- * Members of the Executive Committee

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PATRICK J. MULLANEY, *Vice President — Traffic*
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GEORGE H. BOLTON, *Director of Purchases and Stores*
MAYNARD W. BULLIS, *Clerk of Corporation*
THOROLD S. CURTIS, *Treasurer*
RICHARD JACKSON, *General Solicitor*
STANLEY G. PHILLIPS, *Chief Engineer*

TRANSFER AGENTS

Old Colony Trust Company, 45 Milk Street, Boston, Mass.
The Hanover Bank, 70 Broadway, New York City

TO THE STOCKHOLDERS:



Patrick B. McGinnis

Since elected to office in April, 1955, your management has devoted much effort towards restoring the credit of the Boston and Maine Railroad. The importance of a sound credit standing is implicit in the fact that railroads, because of their large investment in plant and equipment, are heavy borrowers of funds. The better their credit, the less they must pay for the use of borrowed funds.

The particular need for a restored credit position on the Boston and Maine Railroad is evidenced by the fact that the Railroad's \$48 million principal amount of first mortgage 4% bonds mature on July 1, 1960. These bonds, which have for years sold at a substantial discount on the open market, must be refunded on or before that date. It is reassuring that progress is being made in building your Railroad's credit.

Of the \$48 million outstanding first mortgage bonds, approximately \$31 million are owned by fifty-three institutions. An approach to a plan for refunding these bonds prior to 1960 is being actively processed by officers of the Company. Discussions with institutions holding substantial amounts of these bonds have recently taken place.

It is anticipated that a start on a satisfactory solution to the 1960 bond maturity problem will be attained before the close of 1956.



REVIEW OF 1955

The Boston and Maine Railroad last year benefited from an aggressive program of freight and passenger solicitation and benefited also from the general improvement of northern New England's economy. The Railroad's operating revenues amounted to \$85,906,610, or 6% more than the \$81,232,991 volume of business reported for 1954. It is especially gratifying to report that, through close control of costs, a reduction was effected in 1955 operating expenses. These expenses amounted to 77% of revenues, compared with 85% a year earlier.

Net railway operating income for 1955, despite increases in both taxes and rental payments, increased to \$6,894,531, from \$3,243,965 a year earlier.

After miscellaneous deductions, \$7,469,048 remained available for fixed charges, compared with \$3,459,627 in 1954. After fixed and contingent interest charges, net income was \$3,322,667 in contrast with a deficit of \$552,908 reported for 1954. The 1954 deficit was reduced by a carry-back tax credit of \$2,997,685 in December, 1954.

The net income of the Boston and Maine Railroad in 1955 was equal, after dividend requirements on the \$5 preferred stock, to \$3.55 per share on the 547,608 shares of common stock outstanding at the year end.

RENTS

*Snow-Train passengers arriving at
North Conway, N. H.*

Rents payable in 1955 amounted to \$6,347,514, compared with \$5,659,580 the year before. Freight car rentals were \$5,890,729 against \$4,991,241 for 1954. The Interstate Commerce Commission in 1955 reversed a recommendation by one of its examiners that the per diem rate for using freight cars belonging to other railroads be reduced from \$2.40 per day to \$2.10 per day. The Boston and Maine, along with the New York, Susquehanna and Western, the New Haven and several other, smaller railroads which pay a higher proportion of per diem costs than larger railroads, had objected to the \$2.40 per day rate. This rate had become effective August 1, 1953 and replaced the \$2 per diem rate in effect until that time. The Boston and Maine, in conjunction with other railroads, is seeking reconsideration of the Interstate Commerce Commission decision.

OTHER INCOME

Other income to your Railroad in 1955 amounted to \$1,119,118 compared with \$743,756 a year earlier. The increase was principally due to interest received on the tax refund.

TAX ACCRUALS

Railway tax accruals aggregated \$6,934,991 in 1955, compared with \$3,031,320 in 1954. The Federal income tax of \$1,197,636 in 1955 contrasted with a 1954 Federal income tax credit of \$2,801,951, which included a credit of \$2,997,685 claimed under the carry-back provisions of the 1954 Internal Revenue Code. The provision made for taxes is shown in the following table:

	1955	1954
State and Municipal Taxes	\$2,953,610	\$2,983,524
Federal Payroll Taxes	2,772,933	2,812,380
Federal Income Taxes	1,197,636	Cr. 2,801,951
Other Taxes	10,812	37,367

OPERATING RESULTS

The volume of freight traffic handled in 1955, measured by gross ton miles, increased 6.7% over that of 1954, to the highest level since 1951. Net ton miles of revenue freight carried in 1955 were 8.4% higher than the previous year.

The increase in both gross and net ton miles reflects to some extent added traffic handled from the middle of June through the latter part of July due to a truck strike. It also reflects the movement of traffic diverted from other railroads during the periods between August 19th to about September 15th and again for ten days in October stemming from flood conditions on other railroads.

The average gross train load in 1955 was 2,532 tons, a new high record and 167 tons or 7.1% higher than in 1954. Average train speed, based on the road time between terminals, was 6.1% below that of 1954, which limited to 0.6% the year's gain in gross ton miles per train hour.

Miles per locomotive day for all road freight units in 1955 rose to a new high record of 134.1.

In passenger service, miles per locomotive day averaged 110.6, the highest since 1948, and an improvement over 1954 of 4.9 miles per day.

Average miles per day for all motor cars (principally Budd cars) rose to 207.3 for 1955 from 193.7 in 1954.

PASSENGER BUSINESS

As is true for the industry generally, passenger revenues in 1955

on the Boston and Maine Railroad continued to decline. For the year they amounted to \$9,993,817, a decrease of 5.6% from the passenger revenue of \$10,589,204 for the year before. The number of passengers carried was 13,966,613 or 5.3% less than the 14,744,536 carried in 1954. The number of commutation passengers declined 5.4%; other passengers, 5.1%. Mail revenue last year was \$3,127,336, an increase of 3.3% over the \$3,028,191 revenue for 1954. Express revenue was \$1,129,460, a reduction of 21.7% from the 1954 revenue of \$1,442,091. Revenue from the haulage of milk was \$1,323,105, a reduction of 1.1% from the 1954 revenue of \$1,337,330.

Continued decline in the volume of our passenger business has been particularly disappointing because of the strenuous efforts made to improve service to patrons. These efforts have assumed diverse forms. For example, the Railroad has supplied four new light-weight sleeping cars which, combined with similar equipment furnished by the New Haven and the Bangor and Aroostook railroads, have greatly improved two of our most important overnight trains—the "State of Maine" and the "Gull". The "State of Maine" operates overnight between Portland and New York City, with through car service between Concord and New York; and the "Gull" operates between Boston and the Maritime provinces of Canada, with through car service between Boston and points in Aroostook County. The equipment of the "Red Wing," overnight train between Boston and Montreal, has been improved also.

The Boston and Maine's commuter business accounted for 28% of overall passenger revenues in 1955, but in terms of passengers carried, over 57% of the Boston and Maine's total were commuters. In the City of Boston, the Boston and Maine carries more commuters than the other railroads serving the city.

In an effort to cope with the Boston and Maine's passenger problem, particularly its commuter problem, the Railroad last year expanded its use of self-propelled rail diesel cars. The Boston and Maine fleet of Budd Highliners, as they are called, grew last year to 67. This is by far the largest fleet of such rail diesel cars in operation by any railroad anywhere in the world.

The rail diesel cars are particularly fitted to the Boston and Maine's unique suburban service and are equally suited to regular passenger service. Rapid starts and stops, economy and quick turnaround ability recommend them highly. Most important is their flexibility in operations. The typical Boston and Maine Budd Highliner in any one day may be part of eight or ten trains which cover up to 350 miles. This mileage is significant when compared with the average commuter's ride of only 15 miles.

NEW TRAINS

*Picture opposite — One of the new
Budd Highliner trains.*

While the self-propelled diesel car has helped to slow the continuing rise of passenger deficits, the problem remains. The passenger deficit from operations is recognized as your Railroad's No. 1 problem. A specially constituted project group of selected railroad personnel has been assigned to the important task of studying and developing means to reduce the annual loss from passenger service. It is expected that gratifying evidence of their efforts will be noted shortly.

In one approach to a solution, particularly in regard to long-haul traffic, your management last year placed an order for a radically new, lightweight, low-center-of-gravity Talgo train from ACF Industries Inc. The train consists of five three-unit coaches and two lightweight locomotives. A test unit of this train made several trial runs over the Boston and Maine line last Fall. Delivery of the Talgo train is expected in November, 1956.

In the Summer of 1956, your Railroad expects to test another light-weight train, manufactured by General Motors Corporation. Like the Talgo and other new trains being offered by various manufacturers, it incorporates lightweight, low-center-of-gravity principles. It also promises reduced maintenance expenditures, lower operating costs and greater speed and comfort.

Your management believes that the new concepts embodied by these trains holds a part of the answer to the passenger service deficit problem. Representing a simultaneous approach to more attractive and more economic passenger service, the new passenger equipment promises faster and more comfortable service which may attract sufficient passenger volume to stem the tide of passenger losses.

HEAD-END PASSENGER SERVICE

Effective November 16, 1955, a new office, manager of head-end traffic, was created to handle all matters relating to procurement and handling of baggage, mail, express, milk, newspapers and other head-end passenger traffic. The new manager reports to the Vice President-Operations on operating matters and to the Vice President-Traffic on matters of rates and traffic procurement. Greater efficiency is afforded by the delegation of this responsibility to a single office which will continue intensive studies with the postal transportation service and railway express agency with the aim of improving their service and at the same time reduce the number of passenger-carrying trains handling mail and express to the detriment of the traveling public.

FREIGHT OPERATIONS

Freight revenues in 1955 amounted to \$66,346,979, an increase of



8.4% over the \$61,207,413 revenue from freight in 1954. Since the freight rate structure remained essentially unchanged, this increase resulted largely from an increased volume of traffic. The Railroad last year hauled substantial amounts of construction material for both public and private projects.

Less-than-carload shipments of the Railroad were increased during the year as a result of a strike in the New England trucking industry which extended from approximately mid-June to nearly the close of July. Although the extraordinary nature of this business inevitably caused traffic congestion and increased operating costs, the strike resulted in a substantial increase in railroad freight revenues during the normally slack mid-summer months.

FAST FREIGHT SERVICE

In cooperation with the Delaware and Hudson Company and their connections to the West, and with the New York Central, improved eastbound freight service through our Hudson River gateways was inaugurated on May 11, 1955, from Chicago and other western territory. The freight schedules were stepped up via these routes so that the Boston and Maine is today in a strong competitive position with all competing railroad routes into Boston and northern New England.

HURRICANE EFFECTS

Although Hurricane Diane, which visited our lines on August 18 and 19, 1955, inflicted considerable damage on our Connecticut River line, the Boston and Maine Railroad was fortunate in escaping the severe damage inflicted on our neighboring railroad systems. This was true also of the torrential rains of October 15 and 16, 1955. Having been spared from the brunt of these storms, your Railroad was able to install an emergency operation, handling a large amount of detour traffic for less fortunate neighboring railroads. In October, for a ten-day period, the Boston and Maine handled a large amount of traffic moving between New Haven territory and points west of the Hudson River, due to flood conditions which severed the New Haven Railroad's main line in Southern Connecticut.

INDUSTRIAL DEVELOPMENT

The Railroad's Industrial Development Department cooperates with state and community development organizations and seeks maximum industrial usage of privately-owned properties along the Boston and Maine's lines. Thirty-eight new industrial expansion projects involving 1,763,740 square feet of building space and costing \$14,403,231 were under development at the end of 1955 on properties adjacent to and served by the Railroad. Much of the

8,560,281 square feet of land sold by the Railroad last year will be used for industrial development purposes.

Industrial plant expansion, which will make a major contribution to the economy of the general area served by our lines, was in progress at the year-end at locations served directly by the Railroad or in Boston and Maine territory.

The new Peabody Industrial Center, located on a 125-acre site served by the Railroad, was officially opened in July, 1955. Development of other industrial centers on Route 128, a circumferential highway around Boston, is progressing, and several new plants in the Waltham, Massachusetts, area have recently been constructed or contracted for. A new industrial center is under development in Wakefield. Three such centers have been established in New Hampshire and still another is being organized there. Several other major development projects for manufacturing plants and distribution facilities on our lines are under way. Twenty-six side-track projects to serve industries along the Boston and Maine Railroad lines were completed in 1955.

OTHER NEW SERVICES OFFERED

Although much of the freight traffic into New England consists of bulk commodities or other raw materials, there is also a large volume of consumer goods of all kinds. Products manufactured in New England and moving out of New England consist in many instances of specialties, many of them moving in relatively small lots and requiring expedited service. To an ever-increasing extent, the New England traffic in both directions is becoming more susceptible to highway competition, and to meet this situation your management proposes to embark upon the operation of trailer-on-flat-car service. To this end, orders have been placed for equipment which will provide for the operation of trailer-on-flat-car service between Boston and other Boston and Maine stations and points in the mid-West, such as Chicago and St. Louis, operating over the lines of the Delaware and Hudson Railroad and connections beyond. Under this operation, the Boston and Maine Railroad and other participating carriers will provide the equipment and publish the rates for the complete service, including the trucking operation at the originating point and at the destination.

HIGHER RATES ASKED

On December 1, 1955, a temporary freight rate increase of approximately 15% (with various exceptions), originally granted in 1952, was made a permanent part of the freight rate structure. Increasing costs, principally caused by a rising spiral of wages, which had

taken place since the 15% increase was originally granted has forced the railroad industry generally to seek higher freight rates notwithstanding the improvement in revenues during the past year. The Boston and Maine Railroad joined with the other railroads of the country in a petition to the Interstate Commerce Commission to increase all freight rates by 7%. After a series of hearings, the Commission has granted the rail carriers a general increase, effective March 7, 1956, of 6% with various exceptions and maximums which will have the effect of reducing the overall figure somewhat.

WAGE AND WORKING RULES

The year 1955 was marked by a series of new wage contracts which called for substantial wage increases to virtually all railroad employees. All were negotiated on a national level through conference committees.

On April 1, 1955 there was effected a Health and Welfare Plan for non-operating employees as a result of a national agreement of August 21, 1954. This plan provided that the total cost of \$6.80 per month would be borne equally by employees and the Railroad. Subsequently, railway labor organizations requested that the carriers pay the entire cost. Acceptance of this proposal was recommended in December, 1955, by a Presidential Emergency Board and will become effective March 1, 1956.

On May 11 and 26, 1955, settlement was reached on the trainmen's 1954 demands for differential rates. The agreement provided for an increase in daily rate differential between yard conductors and brakemen from 85 cents to \$1.10 per day effective June 1, 1955, and for a 20 cent daily increase effective June 16, 1955 to both passenger and freight conductors. The latter also received higher rates scaled upward, depending on the length of freight trains.

Additional demands of the locomotive engineers were settled by a series of agreements in October, 1955, and increases provided became effective October 1, 1955.

The first of these agreements made with the trainmen on October 4, 1955 provided for a general wage increase of 10½ cents per hour, including four cents in lieu of a health and welfare plan. The agreements also called for a 60-cent increase in minimum daily guarantees in passenger service. Effective December 1, 1955, additional hourly wage increases were provided for the yard operating employees on the basis of the five day week as follows: 12¼ cents to car retarder operators and yard conductors; 10¼ cents to yard brakemen, 6¼ cents to switch tenders. A supplemental agreement provided for an

increase of 31 cents in basic daily rates for conductors effective October 1, 1955.

The October 14, 1955 firemen's agreement provided for hourly increases of 8 and 4½ cents respectively to road and yard firemen, four cents of which was in lieu of a health and welfare plan. Further provided was an increase in guaranteed daily earnings minima in passenger and local freight service.

The engineers' agreement reached October 27, 1955 provided for a general wage increase of 5% in basic daily rates, of which four cents an hour was allowed in lieu of a health and welfare plan. An additional 2% was granted as a "skill differential".

Recommendations of the emergency board were adopted by the non-operating organizations on December 21st. They were granted a 14½ cent hourly increase effective December 1, 1955, and a provision under which the carrier must bear full cost of health and welfare plan for non-operating employees effective March 1, 1956. This allowance is equivalent to a wage increase of approximately two cents per hour.

Pending settlement at the year's end were wage disputes with the American Train Dispatchers, Railroad Yardmasters of America, United Transport Service Employees representing dining car employees, and the American Railway Supervisors Association representing shop foremen, all of whom have served requests for substantial increases earlier in the year.

The total annual wage cost of agreements reached during 1955 is estimated at \$4,000,000 for the Boston and Maine Railroad.

NEW EQUIPMENT

During 1955, the Boston and Maine Railroad placed in service 58 Budd Highliner, self-propelled, stainless steel, air-conditioned diesel cars used primarily in the Boston suburban area. This equipment is used under a unique operating plan affording a high degree of utilization. Operation of the cars has permitted the withdrawal from revenue service of a total of 255 of the railroad's oldest conventional passenger units and the retirement of 72 steam locomotives. Substantial operating savings have resulted, and a reduction of layover facilities at Boston and other points has been accomplished.

The Boston and Maine Railroad now owns sixty-seven Budd rail diesel cars. Further studies have resulted in the purchase of thirty-four additional such units which are scheduled for delivery during the third quarter of 1956, bringing the Railroad's rail diesel car fleet to 101 units. They will afford additional operating savings and result in the retirement of 102 older coaches. With them, the Boston and



Maine Railroad should have the most modern and efficient commuter service of any railroad in the United States.

FREIGHT FLEET MODERNIZED

Two large orders for freight cars were placed during the year to provide for the needs of shippers in this area. A significant step was taken when your Board of Directors authorized the purchase of 1,000 new box cars of the most modern design. Each of these box cars, 50 feet long with 9-foot doors, is of all-steel construction and equipped with roller bearings and nailable steel flooring. They are the first so equipped ever ordered by the Boston and Maine Railroad. Delivery of these cars is expected in May of this year.

An additional order was placed for 1,000 freight cars, consisting of 539 forty-foot box cars, 300 open top hopper cars, 26 covered hopper cars, 100 flat cars and 35 insulated box cars for milk service, all of the most modern design and equipped with roller bearings.

During 1955, arrangements were made with two equipment companies under the terms of which 1,000 of our oldest box cars were to be sold, repaired in our shops at the purchaser's expense, and leased from the purchaser by the Railroad. This arrangement permitted

Left — Upgraded box cars at Concord, N. H. shops.

Right — New bulk container car.



upgrading of the cars, to be good for any type of loading. As of December 31, 1955, 568 cars had been so repaired and restored to revenue service.

With a view to improving its service as a transportation agency, and at the same time to strengthen its competitive position relative to other forms of transportation, your Railroad is expanding its use of specialized equipment. We have recently built specially designed cars for handling pulp wood and plasterboard. In addition, we have arranged to acquire a special type of covered hopper car for the haulage of bulk sugar.

FREIGHT CARS

Revenue freight cars owned and leased by the Boston and Maine Railroad at the end of 1955 totaled 4,570. The Railroad's freight car fleet was reduced by 69 during 1955, as shown below:

40	Retired on account of age and condition
14	Destroyed by accident off line
2	Sold to Claremont-Concord Railroad
13	Converted to non-revenue service
<hr/> 69	

*This page — Bronze bells from
scrapped steam locomotives.*

*Page opposite — Steam loco-
motives being cut for scrap.*



PASSENGER EQUIPMENT CHANGES

Boston and Maine Railroad as of December 31, 1955, owned 656 passenger cars, including 67 Budd rail diesel cars. During 1955, 234 cars were withdrawn from service, as follows:

- 4 Scrapped because of age
 - 2 Destroyed because of accident
 - 3 Destroyed on foreign lines
 - 219 Retired from investment account (185 sold)
 - 2 Converted to non revenue equipment
 - 1 Pullman car converted to baggage car
 - 2 Parlor cars converted to baggage cars
 - 1 Diner car converted to baggage car
-
- 234

During 1955, there were 66 additions to the Railroad's passenger car ownership, as follows:

- 58 Budd rail diesel cars, new
 - 4 Pullman tourist, second hand, converted to baggage
 - 1 Pullman sleeper, converted to baggage
 - 1 Diner converted to baggage
 - 2 Parlor cars converted to baggage
-
- 66



LOCOMOTIVES

The Boston and Maine Railroad as of December 31, 1955, owned 252 diesel locomotives, two more than a year earlier. During the year, 72 steam locomotives were retired. Diesel locomotive ownership as of December 31, 1955, was as follows:

		<i>Locomotives</i>	<i>Units</i>
Road Passenger.....	2000 HP	20	20
Road Passenger.....	2250 HP	1	1
Road Freight.....	3000 HP	4	8
Road Freight.....	2700 HP	24	48
Road Freight.....	1350 HP	14	14
Road Freight.....	1500 HP	1	1
Road Passenger or Freight...	3000 HP	2	4
Road Passenger or Freight...	2700 HP	3	6
Road Passenger or Freight...	1600 HP	26	26
Road Passenger or Freight...	1500 HP	36	36
Switchers.....	1200 HP	12	12
Switchers.....	1000 HP	28	28
Switchers.....	800 HP	14	14
Switchers.....	660 HP	27	27
Switchers.....	600 HP	31	31
Switchers.....	380 HP	9	9
		<u>252</u>	<u>285</u>

AUGUST FLOODS

Floods resulting from Hurricane "Diane" caused damage to the Railroad estimated at approximately \$370,500. The major damage was sustained in the area between Springfield and Northampton. The main line was restored for single track operation in three and one half days and for full double track operation three and one half days later.

Extensive damage was sustained also on three branches in the territory. At Worcester, a main line bridge within yard limits was damaged, requiring trestling to restore the line to traffic. In the vicinity of Boston, flooded tracks and minor washouts caused traffic interference affecting the four lines into Boston for short periods on both days of the storm. Partial service was maintained each day and full service was restored within twenty-four hours. Service on the Lexington, Marlboro and Central Massachusetts branches was also affected.

ACCIDENT

On February 28, 1956, during a severe snowstorm a tragic rear-end collision of two passenger trains occurred at Swampscott, Massachusetts, involving loss of life and injuries to passengers.

Your management feels the deepest sympathy for the relatives and friends of those who lost their lives and for those injured in this tragedy.

Your company wishes to report that its financial liability is adequately covered under its catastrophe insurance policy.

PROPERTY IMPROVEMENTS

Various improvements to the Boston and Maine Railroad properties were completed during 1955. Aside from work occasioned by flood damage, a total of 45.3 single track miles of stone ballasted track was resurfaced, nearly two-thirds of which was completed on the Portland Division main line. Various necessary track changes were pushed through to completion and five grade crossings were eliminated. Automatic crossing protection signals were installed at seven crossings, in most cases to replace manually-operated gates.

At the Boston classification yards, three new-type car retarders were installed to replace nine old-type retarders. Signal projects at various other locations were completed. Improvements to many freight, passenger yard and shop facilities were accomplished. In addition, extensive changes in engine terminal facilities, occasioned by the Railroad's dieselization program, were continued.

Other property improvements completed in 1955 include the building of new station shelters at several locations, the enlarge-

ment of parking facilities, the improvement and expansion of station platforms, the installation of new ticket office and heating equipment and the expansion of office building facilities.

Work equipment of the engineering department was expanded last year by the purchase of 121 units, ranging from snow plows to miscellaneous small tools and machines. In addition, 16 such units were added to replace older equipment. During the year, 100 structures and 42 segments of track totaling 9.10 miles were retired. Numerous other retirements were effected, including retirement of passenger car yard No. 1, near the North Station at Boston, releasing this important area for industrial development.

Cooperating with the Commonwealth of Massachusetts and the City of Worcester in the elimination of grade crossings at Lincoln Square, your Railroad in November, 1955, commenced laying tracks in a 1,500-foot, two-track tunnel constructed by the Commonwealth to relieve traffic congestion. The Railroad's operations will be moved underground at that location in June of 1956.

MYSTIC TERMINAL COMPANY

More than 300 ocean-going ships flying United States and foreign flags docked at the Hoosac and Mystic Piers in 1955. They carried 297,000 gross tons of cargo, including 19,000 tons of export grain. Handling this traffic required the loading or unloading of 5,324 freight cars, of which 3,719, or 70%, were routed over the Boston and Maine Railroad. Railroads handled 51% of the general cargo moving over the piers, a higher percentage than at any other Boston pier.

The Terminal company during the year completed arrangements with the Holland-America Line covering the regular berthing of their vessels at Hoosac piers. Holland-America Line serves Antwerp, Rotterdam, Amsterdam and Hamburg, as well as East Coast South America ports. The agreement with Holland-America partially offsets the effect of the withdrawal by Pan-Atlantic (Waterman) from your Company's piers early in 1955.

During 1955, repairs to the Hoosac Grain Elevator, made necessary by damages from the 1953-54 hurricanes, were largely completed. In the restoration, the latest type of electrically-operated elevating machinery was installed. For a period of two years, while the elevator was being repaired, it operated at a capacity of approximately 300,000 bushels. With its restoration to a full 900,000 bushel capacity and with demand for grain in the world markets at an all-time high, the prospects for the full utilization of this facility in 1956 are encouraging.

The operation of your Corporation's piers was benefited during 1955 through dredging of certain Mystic River approach channels by the Commonwealth of Massachusetts. In 1956, the Federal Government will begin its projected deepening and widening of the main river channel to further improve navigability in the area.

BOSTON AND MAINE TRANSPORTATION COMPANY

Due in part to reduced travel, your wholly-owned bus and truck subsidiary, Boston and Maine Transportation Company, in 1955 experienced a 14% decline in bus revenues and a 12.4% reduction in the number of bus miles operated. Expenses also decreased in spite of the fact that a bus union arbitration award during the year granted substantial increases and fringe benefits. The loss suffered from bus operations during the year far overshadowed the small profit earned from trucking operations. The trucking operations were seriously affected by the general Teamsters strike in effect in Southern New England from June 14th to July 27, 1955.

During the year, unprofitable bus service was discontinued between Concord, New Hampshire, and White River Junction, Vermont, and locally in the City of Concord. The Boston-Bellows Falls, Vermont, route was abandoned. Because of these and other service curtailments, the number of buses owned as of January 1, 1956 was 75, compared with 90 a year earlier, with little change in truck equipment.

CAPITAL CHANGES

At a special meeting of the Boston and Maine Railroad stockholders held October 20, 1955, it was voted to authorize the issuance of 5% income debentures due January 1, 2005, to be exchanged on a voluntary basis for the presently outstanding 5% preferred stock. This stock would have been exchanged on the basis of \$100 principal amount of the debentures plus \$5 in scrip certificates, for each share of preferred stock. At the time of the exchange, an amount on account of the first year's interest, covering 1955, and amounting to \$5.25 per \$105 of debentures and scrip, would have been paid in cash to preferred stockholders participating in the exchange.

The exchange of debentures for presently outstanding preferred stock would have benefited the Company through tax savings. The Internal Revenue Act provides that dividends on preferred stock must be paid from funds available after taxes, whereas interest paid on debentures is deductible for tax purposes. On February 29, 1956, Division 4 of the Interstate Commerce Commission denied your Corporation's application for approval of the plan. The issue of whether or not further action should be taken seeking ultimate approval of the plan will be considered. Meanwhile, your president

Opposite page — Fireboats celebrate arrival of S/S "Alcoa Roamer" at Mystic Pier on first trip to Boston.



will recommend to the Board of Directors at the next meeting to be held on March 22, 1956 that the Board declare a \$5 dividend on the 5% convertible preferred stock for the year 1955, payable in four quarterly instalments during 1956.

The Corporation's long term debt outstanding as of December 31, 1955 excluding treasury holdings and bonds deposited with Trustee in lieu of mortgaged property sold, amounted to \$90,492,886. This amount included conditional sale agreements of \$18,644,937. There are outstanding also 274,996 shares of \$5 preferred stock and 547,608 shares of common stock.

Long term debt at the 1955 year-end consisted of the following:

Fixed Interest:

4% Bonds due July 1, 1960	\$47,970,300
4¾% Bonds due April 1, 1961	897,000
5% Bonds due September 1, 1967	2,424,000
Collateral Notes due July 31, 1957	950,149
Conditional Sale Agreements	18,644,937
Total	<u>\$70,886,386</u>

Contingent Interest:

4½% Bonds due July 1, 1970	\$19,606,500
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Total Debt	<u>\$90,492,886</u>
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CHANGES IN LONG-TERM DEBT

Long-term debt outstanding in the hands of the public on December 31, 1955, amounted to \$90,492,886 of which \$18,644,937 represented equipment obligations. This was an increase of \$2,442,449 as compared to December 31, 1954.

Changes in the long-term debt during the year occurred as follows:

Increase in amount of debt in hands of public

Funded Debt reacquired:

4% Bonds due July 1, 1960	\$1,186,000
4½% Bonds due July 1, 1970	2,131,000
5% Bonds due May 1, 1955	1,237,000
Vt. Valley RR 4% Bonds due October 1, 1955	112,000
	<u>\$4,666,000</u>

Collateral Notes issued, due July 31, 1957	950,149
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Net reduction in funded debt	\$3,715,851
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Equipment obligations added on account of new equipment acquired	9,836,422
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Equipment obligations discharged during the year	<u>3,678,122</u>
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Net increase in equipment obligations	\$6,158,300
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Total increase in long-term debt in hands of public	<u>\$2,442,449</u>
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Provision has been made for redemption of 4% Bonds of 1960 and 4½% Bonds of 1970 to meet Sinking Fund obligations for the year 1955. While the due dates as required by mortgages are May 1 and September 1, 1956, these obligations were anticipated by the delivery to the Trustees on February 28th of \$816,800 4% Bonds of 1960 and \$707,500 4½% Bonds of 1970. This satisfied our 1955 sinking funds.

EQUIPMENT FINANCING

Orders for new equipment placed last year will involve the expenditure of \$23,151,130. Delivery is expected during 1956 and early 1957. The character and net cost of this equipment is shown below:

<i>Number of Units</i>	<i>Description</i>	<i>Estimated Cost</i>	
		<i>Per Unit</i>	<i>Total</i>
1,000	Steel box cars, 50-ton capacity, 50 feet 6 inches in length	\$ 8,816	\$ 8,816,000
539	Steel box cars, 50-ton capacity, 40 feet 6 inches in length	8,635	4,654,300
35	Steel insulated box cars, 50-ton capacity, 40 feet 6 inches in length	20,100	703,500
300	Steel triple hopper cars, 70-ton capacity	8,860	2,658,000
26	Steel covered hopper cars, 70-ton capacity	9,100	236,600
90	Steel flat cars, 50-ton capacity, 53 feet 6 inches in length	9,936	894,240
10	Steel flat cars, 50-ton capacity, 53 feet 6 inches in length with bulkhead ends	10,269	102,690
30	RDC-9 lightweight stainless steel coaches with a seating capacity of 94 seats	146,834	4,405,000
2	RDC-1 lightweight stainless steel coaches with a seating capacity of 89 seats	170,800	341,600
2	RDC-2 lightweight stainless steel baggage-coaches with a seating capacity of 70 seats	169,600	339,200
TOTAL			\$23,151,130

Funds to pay for these units of equipment are to be provided by the issuance and sale, from time to time, of \$18,510,000 principal amount of Boston and Maine Railroad Equipment Trust Certificates Series 1 and payment of the balance (20%) in cash by your Company.

On February 28, 1956, a bid was accepted for the sale of \$7,230,000 principal amount of these Equipment Trust Certificates. These \$7,230,000 Equipment Trust Certificates constitute the first installment to be issued, and will mature in fifteen annual installments on March 1, 1957 and on the first day of March in each year thereafter, to and including March 1, 1971. The certificates bear dividends at a rate of 4½%, payable semi-annually on the first days of September and March of each year beginning September 1, 1956.

EMPLOYEES

The progress made during the past year in strengthening the credit position of the Boston and Maine Railroad is the result in no small part of the industry and loyalty of the men and women on our lines.

Effective December 14, 1955, scholarships to benefit employees of the Railroad and dependent children of employees were made available from the Boston and Maine Railroad Employees Fund Inc., originally established in 1928. Resumption of scholarship awards from the Fund was made possible by improvement in the status of the Fund which had become depleted and inactive as of 1934.

EXECUTIVE CHANGES

At their annual meeting on April 13, 1955, stockholders elected nineteen new directors of the railroad as follows: Herbert Alpert, Boston, Massachusetts; Andrew J. Beck of Presque Isle, Maine; Maynard W. Bullis of Boston, Massachusetts; Burton M. Cross of Augusta, Maine, former Governor of Maine; John S. Dawson of Fairfield, Connecticut; Pierre Dumaine, of Wayland, Massachusetts; Alonzo R. Gile and W. Earle Goss of Franklin, New Hampshire; Nathan Grevior, of Tilton, New Hampshire; Rodney A. Griffin, II, of Franklin, New Hampshire; Wilfred N. Hadley of Springfield, Vermont; Alex L. Hillman of New York and Littleton, New Hampshire; Francis P. Murphy, of Nashua, New Hampshire, former Governor of that State; Robert C. Nordblom of Boston; William L. Phinney of Goffstown, New Hampshire; Russell B. Valentine, New York, New York; James A. Walsh, of Greenwich, Connecticut; Merrick E. Wheeler of Springfield, Vermont and Arthur P. Wilcox of Rockland, Massachusetts.

Following the stockholders meeting, the Board of Directors on April 14, 1955, elected Herbert Alpert as Vice President and General



Waterfront facilities at Mystic Pier.



*Left — Passenger coach bound for
Korea being loaded on S/S "Chris-
tian Smith".*

Counsel. The following were selected members of the Executive Committee: Herbert Alpert, Burton M. Cross, John S. Dawson, Pierre Dumaine, Russell B. Valentine, James A. Walsh, and Arthur P. Wilcox.

At a meeting of the Executive Committee of the Board of Directors on April 18th, Loyd J. Kiernan was named Executive Vice President.

Effective June 1st, George H. Bolton was appointed Director of Purchases and Stores for the Railroad, succeeding Harrison M. Rainie, Vice President, who resigned to assume the office of Vice President, Purchases and Stores, of Maine Central Railroad Company and Portland Terminal Company. Mr. Bolton, who had served with the Boston and Maine since 1917, previously had been Purchasing Agent.

Effective September 15, 1955, the Board of Directors elected Maynard W. Bullis as Clerk of the Corporation. Mr. Bullis had been elected a member of the Board of Directors on April 13, 1955.

At a special meeting of stockholders held on October 20, 1955, Oliver D. Appleton and Patrick B. McGinnis were elected members of the Board of Directors.

At a meeting following the special stockholders' meeting, your Board of Directors elected Mr. Appleton as Chairman of the Board of Directors. Mr. Appleton, the owner of a substantial amount of the Corporation's stock, is a partner in the investment banking firm of Cyrus J. Lawrence & Sons and a trustee of St. Lawrence University.

At a meeting of the Board of Directors on December 22, 1955, the resignation of Loyd J. Kiernan as Executive Vice President, for reasons of ill health, was accepted with regret.

Mr. McGinnis had received from stockholders at their annual meeting on April 13, 1955, a mandate to become both President and director of the Boston and Maine Railroad. Mr. McGinnis was elected President of the Railroad on January 20, 1956.

The resignation of Herbert Alpert as Vice President, Director and General Counsel of the Boston and Maine Railroad was accepted with regret as of January 27, 1956. Mr. Alpert had contributed much to the progress of the Railroad during his tenure of office. The Board accepted also the resignation of Pierre Dumaine as a Director of the Corporation.

TRANSPORTATION LEGISLATION

A matter of vital importance now rests before the 84th Congress in Washington. It involves our nation's transportation policy, and the question of whether we shall have a new and constructive one or retain the old one which dates back to 1887.

DISTANCES FROM BOSTON
EAST ROUTE

- ① LYNN 11.61 MI.
- ② SALEM 16.32 MI.
- ③ SEVERLY 18.33 MI.

WEST ROUTE

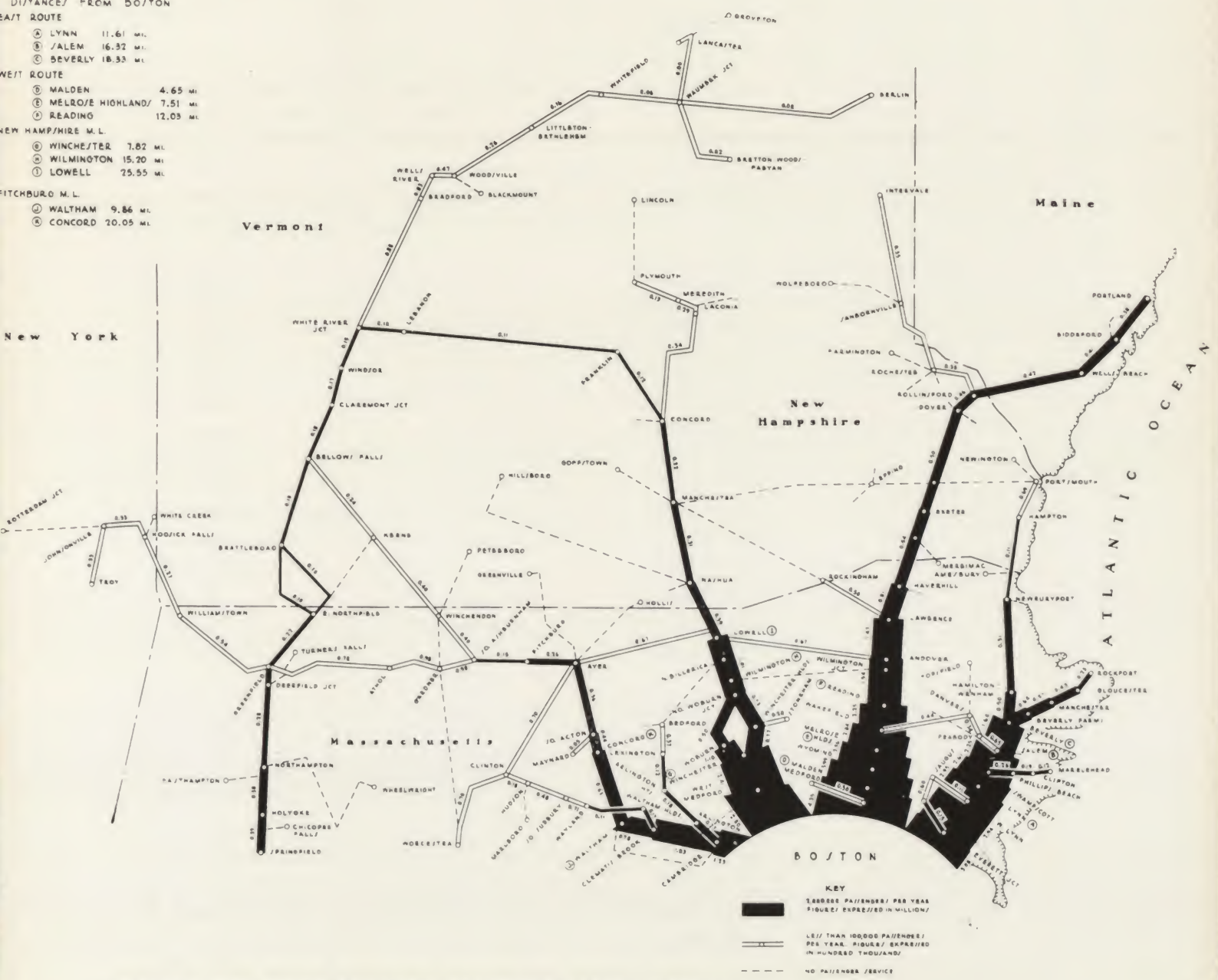
- ④ MALDEN 4.65 MI.
- ⑤ MELROSE HIGHLAND 7.51 MI.
- ⑥ READING 12.03 MI.

NEW HAMPSHIRE M.L.

- ⑦ WINCHESTER 7.82 MI.
- ⑧ WILMINGTON 15.20 MI.
- ⑨ LOWELL 25.55 MI.

FITCHBURG M.L.

- ⑩ WALTHAM 9.86 MI.
- ⑪ CONCORD 20.05 MI.



**BOSTON AND MAINE RAILROAD PASSENGER TRAFFIC DENSITY
YEAR ENDING 1955**

A new policy was recommended unanimously by a President's Cabinet Committee on Transportation under the chairmanship of Sinclair Weeks, Secretary of Commerce. In its report, the Committee urged legislation which would place greater emphasis on competition among the various modes of transportation. Such legislation would permit carriers to compete for business on the basis of their inherent cost or service advantages as applied to each particular case. Under such conditions, the lowest cost carrier, provided his service was comparable with other carriers, could offer the best buy for the shipper's money. As matters stand today, a common carrier's rates are often set for him not on the basis of what he could profitably charge, but on the basis of the Interstate Commerce Commission's ruling as to what rate would attract a "fair share" of available traffic.

In addition to recommending greater reliance on competition, particularly with regard to rate making, the Cabinet Committee Report urges changes which would strengthen our common carrier system. The common carriers, which include all railroads and some trucks, must by law carry anything for anybody to any point. They are the backbone of our transportation system. Despite their recognized necessity, railroads' financial well being is threatened by practices of the growing roster of unregulated carriers. These carriers, by picking and choosing their business, have been able to skim the cream from the transportation business, leaving the unprofitable traffic for the common carriers which, unlike their unregulated competition, must serve everyone. The Cabinet Committee offers recommendations which would curtail the abuses now stemming from the indefinite language of existing legislation.

Many other benefits, both to the transportation system and to the economy, would result from the adoption of the Cabinet Committee recommendations. As the Committee pointed out, the potential savings in transportation costs run into billions of dollars a year. These savings, of course, would accrue to the public. The public includes all of us.

CONCLUSION

Both stockholders and employees contributed to the progress made by the Boston and Maine Railroad in 1955, and on their co-operation will depend the progress made in 1956. The national economy in general as well as that of the areas served by your Railroad are showing continued improvement. From present indications, the current year should prove one of further achievement by the Boston and Maine Railroad.

Sincerely,

Alvin D. Appleton

Chairman of the Board

Patrick B. McEnnis

President

ASSETS

CURRENT ASSETS

Cash	\$ 7,664,314
U. S. Government obligations, at cost (\$1,000,000 pledged)	7,053,875
Special deposits	3,086,341
Receivables	6,138,233
Materials and supplies	5,226,897
Other current assets	1,736,370
TOTAL CURRENT ASSETS	\$ 30,906,030

DEFERRED CHARGES, ETC.	1,253,279
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TRANSPORTATION AND OTHER PHYSICAL PROPERTY

Road	\$195,707,200
Equipment	72,914,658
Acquisition adjustment	(3,442,178)
Donations and grants	(213,165)
Recorded depreciation and amortization, road	(7,138,503)
Recorded depreciation and amortization, equipment	(24,760,175)
Investment in transportation property (Note A)	\$233,067,837
Miscellaneous physical property	684,507
TOTAL TRANSPORTATION AND OTHER PHYSICAL PROPERTY	233,752,344

INVESTMENTS AND FUNDS

Affiliated companies (Note B)	\$ 2,354,245
Other investments (Note C)	3,008,064
Miscellaneous funds and deposits (Note D)	1,575,417
TOTAL INVESTMENTS AND FUNDS	6,937,726
TOTAL ASSETS	\$272,849,379

(Denotes red figures)

The accompanying Notes to Financial Statements on page 34 are an integral part of this Balance Sheet

LIABILITIES AND CAPITAL

CURRENT LIABILITIES

Accounts and wages payable	\$ 9,959,843	
Accrued vacation pay	2,335,588	
Accrued taxes (Note E)	2,688,254	
Interest payable	2,203,390	
Other current liabilities	4,076,814	
TOTAL CURRENT LIABILITIES	\$ 21,263,889	

MISCELLANEOUS LIABILITIES

Injury, loss and damage, and other reserves	\$ 883,179	
Deferred liabilities	1,581,654	
TOTAL MISCELLANEOUS LIABILITIES		2,464,833

LONG-TERM DEBT

Fixed interest bonds:		
4%, due July 1, 1960	\$ 47,970,300	
4¾%, due April 1, 1961 (Note D)	902,000	
5%, due September 1, 1967 (Note D)	3,065,000	
Contingent interest bonds:		
4½%, due July 1, 1970	19,606,500	
Equipment obligations, due serially 1956-1969 (\$2,159,439 due within one year)	18,644,937	
Collateral notes due July 31, 1957 (secured by \$1,000,000 U. S. Treasury notes)	950,149	
TOTAL LONG-TERM DEBT		91,138,886

CAPITAL STOCK AND SURPLUS

Preferred stock, 5% cumulative, \$100 par value, 274,996.8 shares outstanding (Note F)	\$ 27,499,680	
Common stock, \$100 par value, 547,608.51 shares outstanding	54,760,851	
Unearned surplus	26,911,897	
Earned surplus, appropriated	2,844,835	
Earned surplus, unappropriated (Note G)	45,964,508	
TOTAL CAPITAL STOCK AND SURPLUS		157,981,771
TOTAL LIABILITIES AND CAPITAL		\$272,849,379

The accompanying Notes to Financial Statements on page 34 are an integral part of this Balance Sheet

BOSTON AND MAINE RAILROAD

STATEMENT OF INCOME

	<i>Year</i> <i>1955</i>	<i>Year</i> <i>1954</i>	<i>Increase</i> <i>(Decrease)</i>
OPERATING REVENUES			
Freight	\$66,346,979	\$61,207,413	\$ 5,139,566
Passenger, mail and express	14,250,613	15,059,486	(808,873)
All other	5,309,018	4,966,092	342,926
TOTAL	<u>\$85,906,610</u>	<u>\$81,232,991</u>	<u>\$ 4,673,619</u>
OPERATING EXPENSES			
Transportation	\$36,931,280	\$36,917,004	\$ 14,276
Maintenance of way	12,210,333	15,009,847	(2,799,514)
Maintenance of equipment	10,894,753	12,030,301	(1,135,548)
General and other	5,693,208	5,340,974	352,234
TOTAL	<u>\$65,729,574</u>	<u>\$69,298,126</u>	<u>\$ (3,568,552)</u>
NET REVENUE FROM OPERATIONS	<u>\$20,177,036</u>	<u>\$11,934,865</u>	<u>\$ 8,242,171</u>
TAXES (EXCEPT FEDERAL INCOME), RENTS, OTHER INCOME AND DEDUCTIONS			
Property taxes, etc.	\$ 2,964,422	\$ 3,020,891	\$ (56,469)
Payroll taxes	2,772,933	2,812,380	(39,447)
Equipment rents, net	5,937,980	5,205,302	732,678
Joint facility rents, net	409,534	454,278	(44,744)
Interest received on Federal income tax refund	(317,432)	—	(317,432)
Other interest, rent, and income, net	(257,085)	(215,662)	(41,423)
TOTAL	<u>\$11,510,352</u>	<u>\$11,277,189</u>	<u>\$ 233,163</u>
INCOME AVAILABLE FOR FIXED AND CONTINGENT CHARGES	<u>\$ 8,666,684</u>	<u>\$ 657,676</u>	<u>\$ 8,009,008</u>
FIXED AND CONTINGENT CHARGES			
Fixed interest and discount	\$ 2,731,091	\$ 2,558,257	\$ 172,834
Contingent interest	940,292	979,397	(39,105)
Rent for leased roads and equipment	474,998	474,881	117
TOTAL	<u>\$ 4,146,381</u>	<u>\$ 4,012,535</u>	<u>\$ 133,846</u>
INCOME (LOSS) BEFORE FEDERAL INCOME TAXES	<u>\$ 4,520,303</u>	<u>\$ (3,354,859)</u>	<u>\$ 7,875,162</u>
FEDERAL INCOME TAXES (Credit in 1954) (Note E)	<u>1,197,636</u>	<u>(2,801,951)</u>	<u>3,999,587</u>
NET INCOME (Loss in 1954)	<u>\$ 3,322,667</u>	<u>\$ (552,908)</u>	<u>\$ 3,875,575</u>
(Denotes red figures)			

The accompanying Notes to Financial Statements on page 34 are an integral part of this Statement of Income

BOSTON AND MAINE RAILROAD

STATEMENT OF EARNED SURPLUS FOR THE YEAR 1955

	<u>Appropriated</u>	<u>Unappropriated</u>	<u>Total</u>
BALANCE AT BEGINNING OF YEAR	\$ 42,252,439	\$ 3,680,391	\$45,932,830
ADD			
Net income for 1955	—	3,322,667	3,322,667
Excess of principal over cost of bonds reacquired	—	852,759	852,759
Income from special funds, etc	141,451	—	141,451
Other items, net	(8,291)	84,928	76,637
	<u>\$ 42,385,599</u>	<u>\$ 7,940,745</u>	<u>\$50,326,344</u>
DEDUCT			
Loss from obsolescence of steam locomotives, retired as result of substantial completion of dieselization program	\$ —	\$ 923,722	\$ 923,722
Provision for injury and loss and damage claims of prior years	—	350,000	350,000
Proxy contest expense 1955 in excess of estimated normal annual meeting expense	—	243,279	243,279
	<u>\$ —</u>	<u>\$ 1,517,001</u>	<u>\$ 1,517,001</u>
TRANSFER			
Sinking fund provisions on bonds for year	\$ 1,162,127	\$(1,162,127)	\$ —
Amount no longer restricted	(40,702,891)	40,702,891	—
	<u>\$(39,540,764)</u>	<u>\$ 39,540,764</u>	<u>\$ —</u>
BALANCE AT END OF YEAR (Note G)	<u>\$ 2,844,835</u>	<u>\$ 45,964,508</u>	<u>\$48,809,343</u>
(Denotes red figures)			

*The accompanying Notes to Financial Statements on page 34
are an integral part of this Statement of Earned Surplus*

NOTES TO FINANCIAL STATEMENTS

Note A—The ledger balances for road and equipment as stated in the accounts as of December 31, 1955, are in accordance with the rules prescribed by the Interstate Commerce Commission, and are substantially in accord with original cost found by that Commission.

In accordance with the Interstate Commerce Commission accounting classification, beginning January 1, 1943, depreciation on depreciable road property was required to be, and has been recorded on the books at rates prescribed by the Commission, and the current provisions for depreciation are recorded at rates accepted by the Interstate Commerce Commission.

Note B—Investments in affiliated companies include \$698,038 (\$100,038 capital stock, \$348,000 mortgage note, \$250,000 cash advances, exclusive of current balances) in Boston & Maine Transportation Company, a wholly owned subsidiary operating buses and trucks. The operation of this company was conducted at a loss in 1955 of approximately \$180,000.

Note C—Other investments include \$238,570 of stock of Barre & Chelsea Railroad, which corporation, in December 1955, filed application with the Interstate Commerce Commission to abandon its line. The ultimate disposition of the application and the effect on the Boston and Maine Railroad's investment in the stock of Barre & Chelsea Railroad are not now determinable.

Note D—Miscellaneous funds and deposits include \$646,000 of Boston and Maine Railroad bonds deposited with Trustee in lieu of mortgaged property sold—\$641,000 5% due September 1, 1967, and \$5,000 4 $\frac{3}{4}$ % due April 1, 1961.

Note E—Federal income and excess profits tax returns for years prior to 1942 have been settled. The tax liability re-

corded is believed to be adequate to cover possible claims for years subsequent to 1941.

For the period January 1, 1951 to December 31, 1955, amortization and depreciation deductions of \$3,775,904 were taken for tax purposes in excess of recorded depreciation, reducing tax liability by \$1,959,875. On February 17, 1956, the Railroad received a Certificate of Necessity which permits accelerated amortization of 80% of the cost (approximately \$9,000,000) of certain equipment acquired in 1955. Possible tax savings therefrom are not reflected in the tax liability shown herein.

In compliance with Interstate Commerce Commission accounting rules, only depreciation computed at rates prescribed by that Commission was recorded in determining net income.

Note F—A plan for the exchange of the presently outstanding 5% preferred stock for new 5% income debentures was approved by the stockholders on October 20, 1955. For further details, see comments on page 20. The plan is now before the Interstate Commerce Commission for approval.

Note G—Earned surplus, unappropriated, includes \$7,853,838 representing surplus earned by lessor companies before consolidation, together with premiums on capital stock, and this amount is retained in the account with the approval of the Interstate Commerce Commission.

The account also includes \$1,722,573 for donations before 1936 (chiefly fill for land at Boston Terminal), authorized by Interstate Commerce Commission as a credit prior to the effective date of present accounting classification.

As of December 31, 1955, no action had been taken by the Board of Directors for payment of dividend of \$1,374,984 earned on preferred stock, and therefore no provision was made on the books of account for this item.

Oppenheim, Appel, Payson & Co.

*Certified Public Accountants
New York*

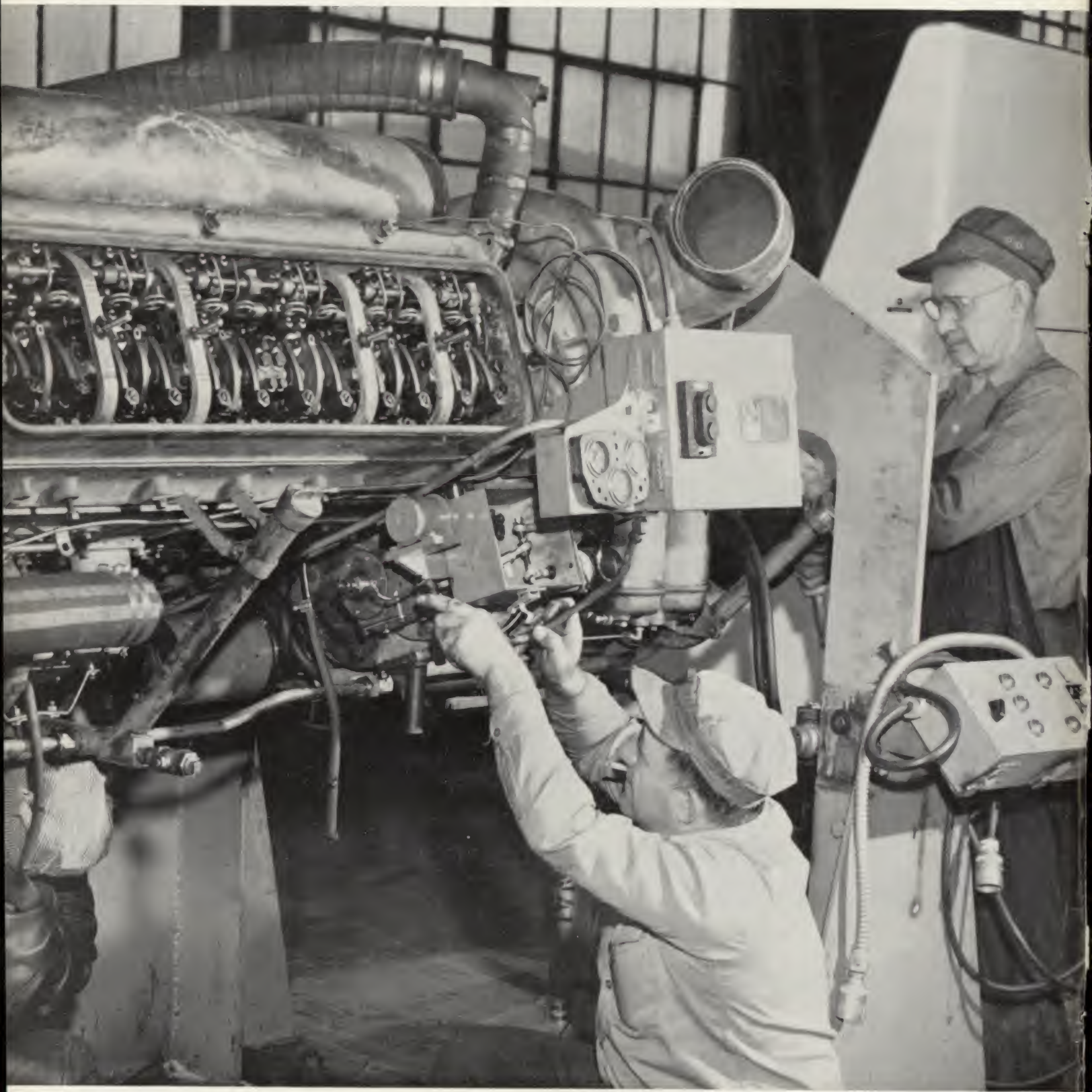
Board of Directors
Boston and Maine Railroad

We have examined the balance sheet of Boston and Maine Railroad as of December 31, 1955, and the related statements of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and earned surplus present fairly the financial position of Boston and Maine Railroad as of December 31, 1955, and the results of its operations for the year then ended, in conformity with principles of accounting prescribed or authorized by the Interstate Commerce Commission.

Oppenheim, Appel, Payson & Co.

February 27, 1956
New York, New York



A detailed financial and statistical supplement to this Report is available. For copies, please address: Maynard W. Bullis, Boston & Maine Railroad, Boston 14, Massachusetts

Boston and Maine mechanics overhauling one of the 275 Horsepower diesel engines used in our Budd Highliner cars at the Billerica Shops.

